

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 EA-10 FRB-03 INR-10 NEA-11 NSAE-00 OPIC-03
SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15
SSO-00 INRE-00 ICAE-00 NSCE-00 XMB-02 STR-07
ITC-01 JUSE-00 FTC-01 DOE-15 SOE-02 DOEE-00 /128 W
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O R 091802Z JUN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 2988
INFO ALL OECD CAPITALS
AMEMBASSY BRUSSELS
USMISSION GENEVA

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USOECD

USEEC

USMTN

E.O. 11652: N/A
TAGS: ETRD, OECD
SUBJECT: OECD AD HOC STEEL GROUP: DRAFT RESOLUTION
ON STEEL

FOLLOWING IS TEXT OF "DRAFT RESOLUTION ON STEEL"
CIRCULATED BY OECD SECRETARIAT JUNE 9 AS RESULT OF
STEEL GROUP'S DISCUSSIONS REPORTED SEPTEL. COVERING
LETTER REQUESTS REACTIONS FROM MEMBERS OF GROUP BY
JUNE 21. DRAFT RESOLUTION IS ACCOMPANIED BY
SECRETARIAT NOTE SUMMARIZING POINTS MADE IN STEEL
GROUP DISCUSSION, COPIES OF WHICH ARE BEING HAND-
CARRIED TO WASHINGTON.
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BEGIN TEXT:
DRAFT RESOLUTION ON STEEL

PROBLEMS

1. THE WORLD'S STEEL INDUSTRY IS EXPERIENCING SERIOUS

DIFFICULTIES OF BOTH A CYCLICAL AND STRUCTURAL NATURE.
THESE DIFFICULTIES ARE WIDESPREAD AND ARE CHARACTERISED
BY:

- PERSISTENT EXCESS CAPACITY;
- UNJUSTIFIABLY LOW PRICES ON WORLD MARKETS;
- MARKED CHANGES IN TRADITIONAL TRADE PATTERNS;
- MAJOR DISLOCATIONS OF LABOUR, FREQUENTLY IN AREAS
ALREADY EXPERIENCING HIGH UNEMPLOYMENT;
- DEPRESSED FINANCIAL PERFORMANCE AMONG PRODUCERS,
WHICH HOLDS DOWN INVESTMENTS NEEDED FOR MODERNISATION
AND RATIONALISATION OF PLANTS;
- INCREASING GOVERNMENTAL INTERVENTION IN STEEL SUPPLY
AND DEMAND, ESPECIALLY WITH FOREIGN TRADE.

2. IN VIRTUALLY ALL MAJOR STEEL-PRODUCING NATIONS,
STEEL OCCUPIES A CENTRAL PLACE IN THE NATIONAL ECONOMY.
IN A NUMBER OF MAJOR AREAS, THE MAGNITUDE OF STRUCTURAL
PROBLEMS CONFRONTING THE STEEL SECTOR AND RESULTANT
SOCIAL AND ECONOMIC IMPLICATIONS OF THE NECESSARY STRU-
CTURAL ADJUSTMENTS ARE SUBSTANTIAL.

3. THE INTERRELATIONSHIP OF DEVELOPMENTS IN THE STEEL
SECTORS FROM COUNTRY TO COUNTRY AND THE POTENTIAL THAT
UNILATERAL ACTIONS AND POLICIES CAN AGGRAVATE THE PROB-
LEMS OF OTHERS, HAVE BECOME CLEAR. THE CONVERGENCE OF
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CYCIICAL PROBLEMS AMONG MANY NATIONS SERVES TO INTEN-
SIFY THE PROBLEMS FACED BY EACH. THERE IS GENERAL
RECOGNITION THAT THERE MAY WELL BE RECURRING CYCLICAL
DIFFICULTIES.

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 EA-10 FRB-03 INR-10 NEA-11 NSAE-00 OPIC-03

SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15
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ITC-01 JUSE-00 FTC-01 DOE-15 SOE-02 DOEE-00 /128 W
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OBJECTIVES

4. IN VIEW OF THESE DIFFICULTIES, GOVERNMENTS NEED
TO WORK CLOSELY TOGETHER IN ORDER TO:

- ENSURE THAT TRADE IN STEEL WILL BE FAIR AND REMAIN AS
FREE AS POSSIBLE. RESTRICTIVE ACTIONS SHOULD BE
AVOIDED AND, WHERE NECESSARY, STRICTLY LIMITED IN
SCOPE AND TIME, AND IN CONFORMITY WITH GATT RULES;
- ENCOURAGE REDUCTION OF BARRIERS TO TRADE;
- ENABLE GOVERNMENTS TO ACT PROMPTLY TO COPE WITH
CRISIS SITUATIONS, IN CLOSE CONSULTATION WITH IN-
TERESTED TRADING PARTNERS AND IN CONFORMITY WITH
AGREED PRINCIPLES;
- FACILITATE NEEDED STRUCTURAL ADAPTATIONS THAT WILL
DIMINISH PRESSURES FOR TRADE ACTIONS AND PROMOTE
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RATIONAL ALLOCATION OF PRODUCTIVE RESOURCES WITH THE
AIM OF ACHIEVING FULLY COMPETITIVE ENTERPRISES;

- ENSURE THAT MEASURES AFFECTING THE STEEL INDUSTRY
ARE CONSISTENT TO THE EXTENT POSSIBLE WITH GENERAL
ECONOMIC POLICIES AND TAKE INTO ACCOUNT IMPLICATIONS
FOR RELATED INDUSTRIES, INCLUDING STEEL-CONSUMING IN-
DUSTRIES;
- AVOID ENCOURAGING ECONOMICALLY UNJUSTIFIED
INVESTMENTS WHILE RECOGNISING LEGITI-
MATE DEVELOPMENT NEEDS;
- FACILITATE MULTILATERAL CO-OPERATION CONSISTENT WITH
THE NEED TO MAINTAIN COMPETITION, TO ANTICIPATE AND,
TO THE EXTENT POSSIBLE, PREVENT PROBLEMS.

5. TO ACCOMPLISH THESE OBJECTIVES, IT IS HEREBY

RESOLVED THAT A STEEL COMMITTEE BE ESTABLISHED.

COMMITTEE FUNCTIONS

6. THE STEEL COMMITTEE WILL MEET REGULARLY AND IN SPECIAL SESSIONS AS REQUIRED TO:

(1) CONTINUOUSLY FOLLOW NATIONAL, REGIONAL AND WORLD SUPPLY AND DEMAND CONDITIONS IN STEEL AND CLOSELY RELATED INDUSTRIES, INCLUDING STEEL-CONSUMING INDUSTRIES, WITH A VIEW TO IDENTIFYING POTENTIAL PROBLEMS AND THEIR IMPLICATIONS AND MAKING ASSESSMENTS AND FORECASTS AVAILABLE TO ALL INTERESTED PARTIES;

(2) CONTINUOUSLY FOLLOW THE EVOLUTION OF NATIONAL, REGIONAL AND WORLD STEEL INDUSTRIES WITH REGARD TO EMPLOYMENT, PROFITS, INVESTMENTS, CAPACITY, PRODUCTION COSTS, PRODUCTIVITY, AND OTHER ASPECTS OF LIMITED OFFICIAL USE

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VIABILITY AND COMPETITIVENESS;

(3) DEVELOP COMMON PERSPECTIVES REGARDING EMERGING PROBLEMS OR CONCERNS IN THE STEEL SECTOR AND ESTABLISH, WHERE APPROPRIATE, MULTILATERAL OBJECTIVES OR GUIDELINES FOR GOVERNMENT POLICIES;

(4) REGULARLY REVIEW GOVERNMENT POLICIES AND ACTIONS IN THE STEEL SECTOR TO ASSESS THEIR APPROPRIATENESS TO THE CURRENT SITUATION, AND THEIR CONSISTENCY WITH AGREED MULTILATERAL OBJECTIVES AND GUIDELINES, THE GATT, OR OTHER INTERNATIONAL AGREEMENTS;

(5) IDENTIFY DEFICIENCIES AND GAPS IN EXISTING DATA NEEDED BY THE COMMITTEE WITH A VIEW TO IMPROVING NATIONAL INPUTS TO THE COMMITTEE AND CROSS-NATIONAL COMPARABILITY OF DATA.

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MEMBERSHIP

7. MEMBERSHIP OF THE STEEL COMMITTEE WILL BE OPEN TO ALL OECD COUNTRIES. THE COMMITTEE MAY DECIDE WHETHER ANY NON-OECD COUNTRIES WITH EITHER SUBSTANTIAL STEEL PRODUCTION OR TRADE INTERESTS, WHO AGREE TO UNDERTAKE BASICALLY THE SAME COMMITMENTS, SHOULD BE INVITED TO TAKE PART IN THE COMMITTEE'S WORK, AND WITH WHAT STATUS.

INITIAL COMMITMENTS

8. THE MEMBERS OF THE STEEL COMMITTEE AGREE TO THE FOLLOWING MULTILATERAL GUIDELINES:

9. IN ORDER TO FACILITATE STRUCTURAL ADAPTATION, THE MEMBER GOVERNMENTS AGREE THAT DOMESTIC POLICIES TO SUSTAIN STEEL FIRMS DURING CRISIS PERIODS SHOULD LIMITED OFFICIAL USE

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NOT SHIFT THE BURDEN OF ADJUSTMENT TO OTHER COUNTRIES AND THUS INCREASE THE LIKELIHOOD OF RESTRICTIVE TRADE ACTIONS BY OTHER COUNTRIES (E.G. BY ARTIFICIALLY RAISING STOCK LEVELS OR BY DISPLACING IMPORTS). FURTHER, AS A GENERAL RULE, DOMESTIC MEASURES SHOULD NOT PREVENT MARGINAL FACILITIES FROM CLOSING IN THOSE INSTANCES WHERE THE FACILITIES CANNOT BECOME COMMERCIAL-
LY VIABLE WITHIN A REASONABLE PERIOD OF TIME.

10. THE MEMBERS OF THE STEEL COMMITTEE AGREE TO MAKE

EVERY EFFORT TO PROVIDE EFFECTIVE PROGRAMMES FOR
STEEL WORKER READAPTATION AWAY FROM FACILITIES IMPACTED
BY STRUCTURAL ADJUSTMENTS INTO ALTERNATIVE EMPLOYMENT.
TO THIS END, THE MEMBERS WILL PERIODICALLY EXCHANGE IN-
FORMATION ON THE EFFECTIVENESS OF POLICIES AND PROGRA-
MMES TO ASSIST STEEL WORKERS AND COMMUNITIES.

11. (THIS SECTION TO BE COMPLETED AFTER FURTHER
DISCUSSIONS.)

WORK PROGRAMME
(TO BE DRAFTED.)

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, STEELS, RESOLUTIONS, TEXTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2415666
Secure: OPEN
Status: NATIVE
Subject: OECD AD HOC STEEL GROUP: DRAFT RESOLUTION ON STEEL FOLLOWING IS TEXT OF \"DRAFT RESOLUTION ON STEEL\"
TAGS: ETRD, OECD
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/41d3428c-c288-dd11-92da-001cc4696bcc
Review Markings:
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Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
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